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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of Washington by:

GARY NEIL CRAMER and GLOBAL SMG, INC.
Respondents

S-02-338-03-FO01

**FINAL ORDER TO CEASE AND DESIST
AGAINST GARY NEIL CRAMER AND GLOBAL
SMG, INC. AND IMPOSITION OF FINE
AGAINST GARY NEIL CRAMER**

Case No. S-02-338

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THE STATE OF WASHINGTON TO: Gary Neil Cramer and Global SMG, Inc.

INTRODUCTION

On April 29, 2003, the Securities Administrator of the State of Washington issued a Summary Order to Cease and Desist and Notice of Intent to Impose Fines ("Summary Order"), S-02-338-02-TO01. The Summary Order, together with a Notice of Opportunity to Defend and Opportunity for Hearing and an Application for Adjudicative Hearing were personally served on Respondents, Gary Neil Cramer and Global SMG, Inc., on May 5, 2003. The Respondents had twenty days from the date of service to request an administrative hearing on the Summary Order. The Respondents have each failed to request a hearing within the twenty days. The Securities Administrator therefore adopts as final the Findings of Fact and Conclusions of Law set forth in the Summary Order against Gary Neil Cramer and Global SMG, Inc. and imposes the fine sought against Gary Neil Cramer.

1 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

2 **FINDINGS OF FACT**

3 **I. RESPONDENTS**

4 1. GARY NEIL CRAMER (“Cramer”) is a Washington resident, who holds himself out as
5 president of Global SMG, Inc.

6 2. GLOBAL SMG, INC. (“Global SMG”) is purportedly a for-profit corporation that engages in
7 foreign currency trading transactions.

8 3. PETER WALLACE HILL (“Hill”) was a Washington resident during the time that he offered
9 and sold the investments described in this order. Hill was a registered securities salesperson in the
10 State of Washington from June 2001 to September 2001.

11 4. DAVID K. BUCHANAN (“Buchanan”) is a Washington resident who solicited investor funds
12 to purportedly arrange currency trades.

13 **II. FOREIGN CURRENCY TRADING WITH EXPECTED RETURNS OF 4% PER WEEK**

14 During 2001, Cramer and Hill offered and sold more than \$65,000 worth of investments through
15 Global SMG to at least six investors, many of whom are Washington residents. The investor funds
16 were supposed to be pooled together and used for foreign currency trading that would generate returns
17 of 4% per week. The investors relied upon Cramer and Hill to generate the return on their investments
18 and did not participate in the currency trading.

19 When offering and selling the investments, Cramer and Hill each falsely represented that the
20 investments had little risk and that the principal amount of the investment could be withdrawn at any
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1 time. Cramer and Hill each failed to disclose significant information about the investments, including
2 the amount of capital required for the purported trading activity, the identity of the purported currency
3 trader, the history and results of the purported currency trading, the specific intended use of the investor
4 funds and the risks of the investment. Cramer and Hill each failed to give the investors any financial
5 statements for the issuer of the investments.

6 III. INVESTMENTS WITH EXPECTED RETURNS OF 20:1 AND 8:1

7 At a meeting held in Vancouver, Washington during November 2001, Cramer, Hill and Buchanan
8 each offered investments to at least six prospective investors. At least two investors, who were both
9 Washington residents, invested a total of more than \$10,000 to purchase short-term investments that
10 were supposed to pay a return of twenty times the amount invested. In February 2002, another
11 Washington resident tried to invest \$10,000 in the same program, but was told by Hill that the twenty-
12 to-one program was no longer available. However, Hill sold the investor another \$10,000 investment
13 by representing that the investor's money would be invested in a similar program that would pay a
14 return of eight times the amount invested. To date, none of the investors have been repaid.
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16 When offering and selling the investments, Cramer, Hill and Buchanan each falsely represented
17 that the principal amount of the investments was safe and that the investments had little risk. Cramer,
18 Hill and Buchanan each failed to disclose significant information about the investments, including the
19 issuer of the investments, the method of generating the purported return on the investments, the amount
20 of capital required for the purported investments, the identity of the persons who would generate the
21 purported return on the investments, the specific intended use of the investors' funds and the risks of
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1 the investments. Cramer, Hill and Buchanan each failed to give the investors any financial statements
2 for the issuer of the investments.

3 **IV. FAILURE TO PRODUCE DOCUMENTS AND GIVE TESTIMONY**

4 Pursuant to a Securities Division subpoena, Cramer was scheduled to produce documents on
5 October 25, 2002 and give testimony on November 1, 2002 regarding the subject of this order. Cramer
6 failed to provide any responsive documents and failed to appear and give testimony.

7 Pursuant to a Securities Division subpoena, Buchanan was scheduled to produce documents on
8 April 10, 2003 and give testimony on April 22, 2003 regarding the subject of this order. Buchanan failed
9 to provide documents and failed to appear and give testimony. Buchanan's attorney represented that
10 Buchanan would assert his Fifth Amendment privilege and refuse to answer any questions regarding the
11 subject of this order.

12 **V. UNREGISTERED SECURITIES**

13 Global SMG, Inc. investments have never been registered in the State of Washington.

14 **VI. UNREGISTERED SECURITIES BROKER-DEALER AND SECURITIES SALESPERSON**

15 Global SMG has never been registered as a securities broker-dealer in the State of Washington.
16 Cramer and Buchanan have never been registered as securities broker-dealers or securities salespersons
17 in the State of Washington. Hill is not currently registered as a securities broker-dealer or securities
18 salesperson in the State of Washington and he was not registered as such during the time that he offered
19 and sold the investments described in paragraph III of the Findings of Fact.
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21 Based upon the above Findings of Fact, the following Conclusions of Law are made:
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23 FINAL ORDER TO CEASE AND DESIST
24 AGAINST GARY NEIL CRAMER AND
25 GLOBAL SMG, INC. AND IMPOSITION OF
26 FINE AGAINST GARY NEIL CRAMER
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CONCLUSIONS OF LAW

I.

The offer and sale of the investments described above constitutes the offer and sale of a security, as defined in RCW 21.20.005(10) and (12), in the form of an investment contract.

II.

Cramer, Global SMG, Hill and Buchanan have each violated RCW 21.20.140 by offering and selling unregistered securities in the State of Washington.

III.

Cramer, Global SMG, Hill and Buchanan have each violated RCW 21.20.040 by offering and selling securities while not being registered as a securities broker-dealer or securities salesperson in the State of Washington.

IV.

The offer and sale of said securities was made in violation of RCW 21.20.010 because, in connection with the offer and sale of the securities, Cramer, Hill and Buchanan each made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made not misleading.

FINAL ORDER

19 Based upon the foregoing, NOW, THEREFORE, IT IS HEREBY ORDERED that Cramer,
20 Global SMG and their agents, employees and representatives shall each cease and desist from offering
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1 or selling securities in any manner in violation of RCW 21.20.140, the securities registration section of
2 the Securities Act of Washington.

3 IT IS FURTHER ORDERED that Cramer, Global SMG and their agents, employees and
4 representatives shall each cease and desist from offering or selling securities in any manner in violation
5 of RCW 21.20.040, the securities broker-dealer and securities salesperson registration section of the
6 Securities Act of Washington.

7 IT IS FURTHER ORDERED that Cramer, Global SMG and their agents, employees and
8 representatives shall each cease and desist from offering or selling securities in any manner in violation
9 of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

10 **IMPOSITION OF A FINE**

11 As described in the foregoing Findings of Fact and Conclusions of Law, based upon Gary Neil
12 Cramer's offer and sale of unregistered securities, based upon his failure to register as a securities
13 broker-dealer or securities salesperson and based upon material misrepresentations and omissions that
14 he made in connection with the offer and sale of those securities, the Securities Administrator finds that
15 there have been knowing or reckless violations of the Securities Act of Washington that justify the
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1 imposition of a fine pursuant to RCW 21.20.395. Therefore, the Securities Administrator hereby orders
2 Gary Neil Cramer to pay a fine of \$10,000 that is due and payable on the date of entry below.

3 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

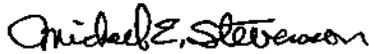
4 DATED this 6th day of June, 2003

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8 DEBORAH R. BORTNER
9 Securities Administrator

10 Approved by:

10 Presented by:

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12 Michael E. Stevenson
13 Chief of Enforcement

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12 Janet So
13 Financial Legal Examiner